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ABSTRACT

During the 1999-2000 academic year, about 16.5 million undergraduates were enrolled in postsecondary institutions for all or part of the year as full- or part-time students. More than one-half of them received some type of financial aid from federal, state, institutional, or other sources to meet their educational expenses, receiving, on average, $6,200. This report describes the financing of undergraduate education by students who were enrolled in U.S. postsecondary institutions during the 1999-2000 academic year. It is based on data from the National Postsecondary Student Aid Study (NPSAS:2000), the fifth in a series of surveys conducted by the National Center for Education Statistics. In 1999-2000, 44% of all undergraduates received grants, for an average of $3,500. Twenty-nine percent of all undergraduates received student loans, averaging $5,100. In addition, 5% of all undergraduates held work-study jobs, and 7% received other types of aid. Many undergraduates received more than one type of aid. More undergraduates received grants from federal financial aid programs than from any other single source, but states, postsecondary institutions, and private organizations were also important sources of grant aid to undergraduates. (SLD)

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U.S. Department of Education
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NCES 2002-167

Student Financing of Undergraduate Education: 1999–2000

Statistical Analysis Report

July 2002

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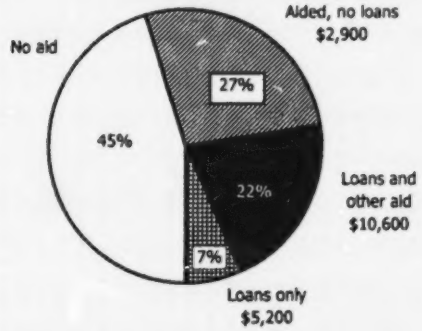
Executive Summary

During the 1999–2000 academic year, about 16.5 million[1] undergraduates were enrolled in postsecondary institutions for all or part of the year, as full- or part-time students. More than one-half (55 percent) of them received some type of financial aid from federal, state, institutional, or other sources to meet their educational expenses, receiving, on average, $6,200 (figure A). This report describes the financing of undergraduate education by students who were enrolled in U.S. postsecondary institutions during the 1999–2000 academic year. It is based on data from the 1999–2000 National Postsecondary Student Aid Study (NPSAS:2000), the fifth in a series of surveys conducted by the National Center for Education Statistics (NCES), U.S. Department of Education. Each NPSAS survey is a comprehensive nationwide study to determine how students and their families pay for postsecondary education.

The two major types of financial aid awarded to students are grants and loans. In 1999–2000, 44 percent of all undergraduates received grants, for an average of $3,500. Twenty-nine percent of all undergraduates received student loans, averaging $5,100. In addition, 5 percent of all undergraduates held work-study jobs, earning an average of $1,700, and 7 percent received other

Figure A.—Percentage distribution of all undergraduates according to aid package, percentage receiving different types of aid, and average amount of aid for aided students: 1999–2000



All undergraduates

Aid type	Percent	Average
Grants	44	$3,500
Loans	29	$5,100
Work-study	5	$1,700
Other	7	$4,700
Any aid	55	$6,200

NOTE: "Loans" only include loans to students. Parent PLUS loans are categorized as "other aid." Percentages may not sum to 100 due to rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, 1999–2000 National Postsecondary Student Aid Study (NPSAS:2000).

[1]Data not shown. This estimate is for undergraduates enrolled at any time in 1999–2000, and is therefore higher than the total fall enrollment.

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types of aid, including veteran's benefits, job training and vocational rehabilitation funds, and federal PLUS loans to parents.

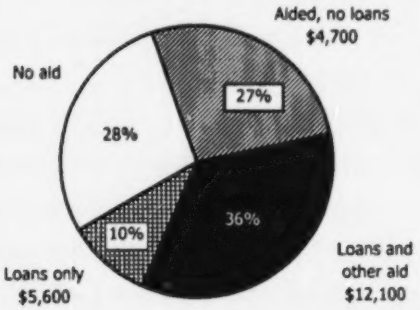
Many undergraduates received more than one type of financial aid in their aid "package." As shown in figure A, for 7 percent of all undergraduates, student loans were the only type of financial aid received; 22 percent took out loans but were also awarded grants or other aid; and 27 percent had aid packages that included grants, work-study, or other aid, but no loans. Those who had aid packages consisting of loans and other aid averaged $10,600 in total aid, compared with $5,200 for those with loans only and $2,900 for those without loans.

Thirty-nine percent of all undergraduates were enrolled full time for a full academic year in 1999–2000, but the proportion varied by type of institution, from more than one-half of the undergraduates at 4-year institutions to about one-fifth at public 2-year institutions. Figure B shows that among full-time, full-year undergraduates, about three-fourths (73 percent) relied on some type of financial aid to help pay for their postsecondary education, receiving an average of $8,500.

Tuition and the Total Price of Attendance

Within an institution, full-time, full-year students usually have the highest educational expenses because they are charged the full tuition price and incur other education-related expenses for a full academic year. As shown in figure C, the tuition and fees for full-time, full-year undergraduates in 1999–2000 averaged about $1,600 at public 2-year institutions, $4,300 at public 4-year institutions, $8,900 at private for-

Figure B.—Percentage distribution of full-time, full-year undergraduates according to aid package, percentage receiving different types of aid, and average amount of aid for aided students: 1999–2000



Full-time, full-year undergraduates

Aid type	Percent	Average
Grants	59	$4,900
Loans	45	$5,400
Work-study	11	$1,700
Other	10	$6,000
Any aid	73	$8,500

NOTE: "Loans" only include loans to students. Parent PLUS loans are categorized as "other aid." Percentages may not sum to 100 due to rounding. Full-time, full-year students represent 39 percent of all undergraduates.

SOURCE: U.S. Department of Education, National Center for Education Statistics, 1999–2000 National Postsecondary Student Aid Study (NPSAS:2000).

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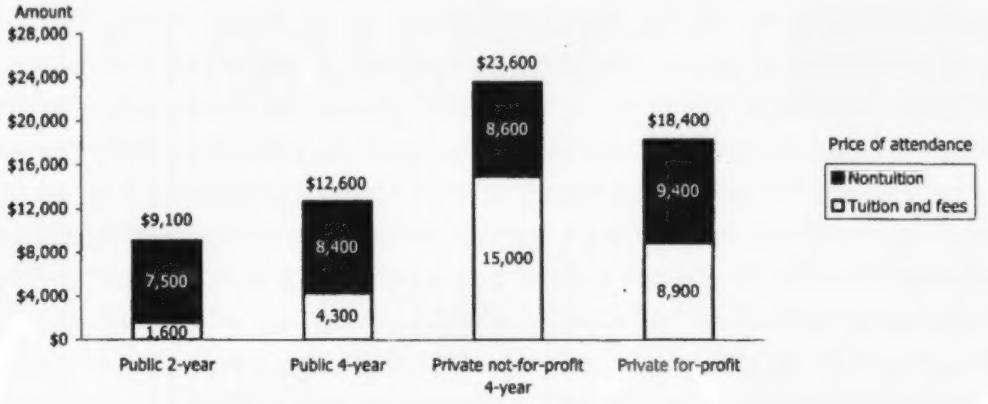
Figure C.—Average tuition and fees, nontuition expenses, and total price of attendance for full-time, full-year undergraduates, by type of institution attended: 1999–2000



NOTE: Nontuition expenses are based on institutional student budget estimates and include room and board, books and supplies, transportation, and personal expenses while enrolled. Amounts may not sum to totals due to rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, 1999–2000 National Postsecondary Student Aid Study (NPSAS:2000).

profit institutions, and $15,000 at private not-for-profit 4-year institutions. The tuition and fees at any particular institution within these sectors may vary considerably from these averages.

The total price of attendance is the sum of tuition and fees and estimated nontuition expenses such as room and board, books and supplies, transportation, and personal expenses while enrolled. For full-time, full-year undergraduates, the average total price of attendance in 1999–2000 was $9,100 at public 2-year institutions, $12,600 at public 4-year institutions, $18,400 at private for-profit institutions, and $23,600 at private not-for-profit 4-year institutions. Tuition and fees and nontuition expenses for the 62 percent of undergraduates enrolled part time or part year are much lower than these amounts.

Financial Aid, Price of Attendance, and Income

The percentage of undergraduates receiving financial aid increased as the price of attendance rose, while the percentage receiving aid decreased as family income rose. These two patterns reflect the need analysis formula used to award financial aid. With the exception of some merit-based scholarships and some loan programs (notably, federal unsubsidized Stafford and PLUS loans), most financial aid programs are need based. Low-income students who have limited resources will usually qualify for need-based aid at any price of attendance; high-income students will only qualify for need-based aid if they are attending institutions with a high price of attendance. About three-fourths of all low-income dependent undergraduates (those with a family income of less than $30,000) received financial aid in 1999–2000, compared with about one-half (48 percent)

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of high-income dependent undergraduates (those with a family income of more than $80,000).

Financial Aid by Type of Institution Attended

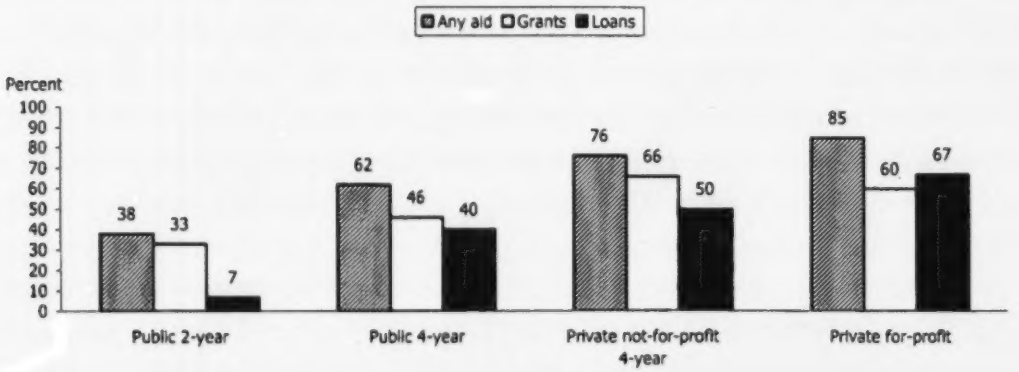
The percentage of undergraduates receiving financial aid, the types of aid received, and the average amounts varied by the type of institution attended, as shown in figure D. At public 2-year institutions, 38 percent of all undergraduates received financial aid in 1999–2000, with an average award of $2,300. One-third (33 percent) of the public 2-year students received a grant (averaging $1,600), and 7 percent took out a student loan (averaging $3,300). These percentages and average amounts were lower than those in any other sectors, reflecting the lower tuition and the high percentage of part-time and part-year students (81 percent) at public 2-year institutions.

At public 4-year institutions, 62 percent of all undergraduates received financial aid, with an average award of $6,200. The percentage awarded grants was higher than the percentage taking out student loans (46 vs. 40 percent), but the average grant amount was lower than the average loan amount ($3,200 vs. $4,800).

At private not-for-profit 4-year institutions, 76 percent of all undergraduates received financial aid, and the average amount was $11,600. About two-thirds of undergraduates (66 percent) had grants, and one-half took out student loans. The average grant amount was higher than the average loan amount ($7,000 vs. $6,200).

At private for-profit institutions, 85 percent of undergraduates received financial aid, including 67 percent with loans and 60 percent with grants. Students enrolled at private for-profit institutions were more likely to be low income than those at the other types of institutions.

Figure D.—Percentage of all undergraduates receiving any aid, grants, or loans and average amounts received by aided students, by type of institution attended: 1999–2000



	Public 2-year	Public 4-year	Private not-for-profit 4-year	Private for-profit
Average total aid*	$2,300	$6,200	$11,600	$7,200
Average grants	$1,600	$3,200	7,000	2,700
Average loans	$3,300	$4,800	6,200	5,800

*Includes types of aid other than grants and loans.

NOTE: "Loans" only include loans to students. Parent PLUS loans are categorized as "other aid."

SOURCE: U.S. Department of Education, National Center for Education Statistics, 1999–2000 National Postsecondary Student Aid Study (NPSAS:2000).

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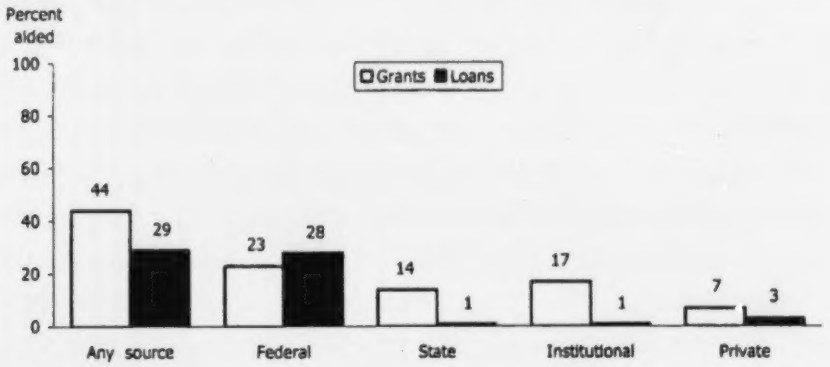
The Sources of Financial Aid

As shown in figure E, undergraduates with loans were most likely to receive them from the federal government: in 1999–2000, the percentage of undergraduates taking out federal loans (28 percent) was much higher than the percentages borrowing through state (1 percent), institutional (1 percent), and private commercial or nonprofit sources (3 percent).

Undergraduates with grants, on the other hand, were more likely to receive them from a variety of sources. More undergraduates were awarded grants from the federal government (23 percent) than from any other source, but 17 percent received grants from institutional sources, 14 percent from state sources, and 7 percent from private sources. Low-income dependent undergraduates were more likely to receive grants from the federal government than from any other source. Middle-income dependent undergraduates were more likely to receive grants from state and institutional sources than from federal or private sources. High-income dependent undergraduates were more likely to receive grants from state, institutional, and private sources than from federal sources. Both low-income and middle-income independent undergraduates were more likely to receive grants from the federal government than from any other source.

Among all undergraduates, federal grants were awarded to 17 percent of those at public 2-year institutions, about one-quarter of those at public and private not-for-profit 4-year institutions, and 53 percent of those at private for-profit institutions. At private not-for-profit 4-year

Figure E.—Percentage of all undergraduates receiving grants or loans and average amounts received by aided students, by source of funds: 1999–2000



	Any source	Federal	State	Institutional	Private
Average total aid*	$6,200	$5,200	$1,800	$3,800	$3,200
Average grants	3,500	2,100	1,700	3,700	2,100
Average loans	5,100	4,600	3,900	2,400	5,100

*Includes types of aid other than grants and loans.

NOTE: "Loans" only include loans to students. Parent PLUS loans are categorized as "other aid." Employer tuition reimbursements are not shown separately, but are included in total grants.

SOURCE: U.S. Department of Education, National Center for Education Statistics, 1999–2000 National Postsecondary Student Aid Study (NPSAS:2000).

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institutions, 46 percent of all undergraduates received institutional grants, a higher percentage than at any other type of institution. Undergraduates at these institutions also received a larger average institutional grant award ($6,600) than those at any other type of institution.

Student Loans

Among undergraduates who borrowed in 1999–2000, nearly all (97 percent) took out federal student loans; 13 percent took out nonfederal loans, usually in combination with federal loans. The average federal student loan was $4,600.

The largest source of federal student loans is the Stafford loan program, which offers students two types of loans, subsidized and unsubsidized. Subsidized Stafford loans are awarded on the basis of need and are interest free to students while they are enrolled. Unsubsidized Stafford loans require no need test, but charge interest while students are enrolled. Depending on their financial need, students may receive subsidized loans, unsubsidized loans, or both types. Stafford loans have annual loan limits that vary by students' class level and dependency status. Students may borrow more at higher class levels, and independent students may borrow about double the amount available to dependent students at the same class level.

About one-half (48 percent) of Stafford borrowers took out need-based subsidized loans only, 17 percent took out unsubsidized loans only, and 36 percent took out both. Independent undergraduates were more likely than dependent undergraduates to take out a combination of subsidized and unsubsidized loans (58 percent vs. 21 percent), and the average Stafford loan was higher for independent than for dependent undergraduates ($5,500 vs. $3,800). Among dependent Stafford borrowers, 69 percent borrowed the maximum annual amount. Among independent borrowers, whose annual loan limits were about double those for dependent borrowers, 27 percent borrowed the maximum.

Student Borrowing at Different Types of Institutions

The student loans that undergraduates took out to pay for educational expenses in 1999–2000 may only represent a portion of the cumulative amount that they had borrowed for their undergraduate education. Among all undergraduates enrolled in postsecondary education, 42 percent had borrowed through the federal student loan programs at some time, either in that academic year or in prior years, with an average cumulative amount of $9,900. Among the seniors who received a bachelor's degree at any 4-year institution in 1999–2000, 62 percent had taken out a federal student loan at some time, and for those students, the average cumulative amount was $16,900.

While only 7 percent of all public 2-year undergraduates took out a federal student loan in 1999–2000 (borrowing an average of $3,100), 23 percent had taken out a federal student loan at some time, either in the 1999–2000 academic year or earlier, borrowing a cumulative amount of $6,300, on average. Many students had already repaid their federal loans, probably because they had borrowed only in prior years and had spells in which they were not enrolled; 17 percent still had outstanding federal loan debts.

About one-half (52 percent) of all undergraduates attending public 4-year institutions in 1999–2000 had borrowed through the federal student loan programs at some time, averaging a cumulative amount of $11,000 in federal loans.

Sixty percent of those who attained a bachelor's degree at a public 4-year institution in 1999–2000 had taken out a federal student loan at some time as an undergraduate, with a cumulative average of $16,100 in federal loans.

At private not-for-profit 4-year institutions, 61 percent of the undergraduates had received a federal student loan at some time, with a cumulative average of $12,000. About two-thirds (66 percent) of the graduating seniors at private not-for-profit 4-year institutions had borrowed through the federal student loan programs as an undergraduate, having received $18,000, on average, by the completion of their bachelor's degrees.

Summary

Financial aid played a major role in the financing of undergraduate postsecondary education in 1999–2000. More than one-half of all undergraduates received some type of financial aid. More undergraduates received grants than loans to help pay for their education, but the average grant amount was less than the average amount borrowed. The average amounts of financial aid, however, varied considerably by the type of institution and price of attendance, as well as the attendance status and family income of the student. At public 2-year institutions, where students had a lower average price of attendance, most of the aided students did not take out student loans. At private not-for-profit 4-year institutions, where students had a higher average price of attendance, about one-half of undergraduates took out student loans, but most of them also received a substantial amount of grant aid.

More undergraduates received grants from the federal financial aid programs than from any other single source, but states, postsecondary institutions, and private organizations were also important sources of grant aid to undergraduates. Low-income dependent undergraduates were more likely to receive federal grants; middle-income dependent undergraduates were more likely to receive grants from state and institutional sources than from federal sources. High-income dependent undergraduates were more likely to receive grants from state, institutional, and private sources than from federal sources. Nearly all of the undergraduates who borrowed, however, took out loans through the federal student loan programs. On average, undergraduates borrowed about $5,100 to pay for educational expenses in 1999–2000. The cumulative federal loan amounts that undergraduates had ever borrowed were about twice this amount. Two-fifths of all undergraduates enrolled in 1999–2000 had borrowed through the federal student loan programs at some time, and their average cumulative federal loan was almost $10,000. Three-fifths of all the graduating seniors at 4-year institutions in 1999–2000 had borrowed through the federal student loan programs at some time, and their average cumulative federal loan was almost $17,000.

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